DOCUMENT RESUME

ED 364 181 HE 026 985

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TITLE Higher Education: Doing So Well; Feeling So Bad. Issues in Higher Education, Number 26.
INSTITUTION Southern Regional Education Board, Atlanta, Ga.
PUB DATE 93
NOTE 14p.; Speech delivered at a Meeting of the Southern Regional Education Board (Boca Raton, FL, June 1993).
AVAILABLE FROM Southern Regional Education Board, 592 Tenth Street, N.W., Atlanta, GA 30318.
PUB TYPE Viewpoints (Opinion/Position Papers, Essays, etc.) (120) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Budgeting; College Faculty; Educational Facilities; Faculty Workload; Financial Problems; *Government School Relationship; *Higher Education; Leadership; *Productivity; *Resource Allocation; Retrenchment; Teacher Shortage; Teaching Load
IDENTIFIERS *California

ABSTRACT

This speech examines the paradoxical issue of why, while higher education is making great strides and contributions, it is also in great peril, particularly concerning resource allocation and the more effective utilization of those resources. Included as evidence of higher education's contributions are greater access, greater outcomes in terms of graduate monetary gains, greater student satisfaction, a world dominance in research, and better contributions to the balance of trade. Despite these contributions, it is revealed that higher education, as mirrored in California, has problems. These problems include shrinking resources and budget cutting; productivity stagnation; more competition for state funding, such as for health care; shrinking numbers of faculty; and a deterioration in administrative leadership. It is argued that higher education needs to make greater efforts in addressing these issues directly to their state legislatures and to develop cooperative attitudes to problem solving. Specific areas needing to be addressed are teaching loads, the year-round utilization of facilities, curtailing administrative costs, using faculty more efficiently and economically in teaching duties, and eliminating duplication of campus programs. (GLR)

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Higher Education: Doing So Well; Feeling So Bad

Clark Kerr

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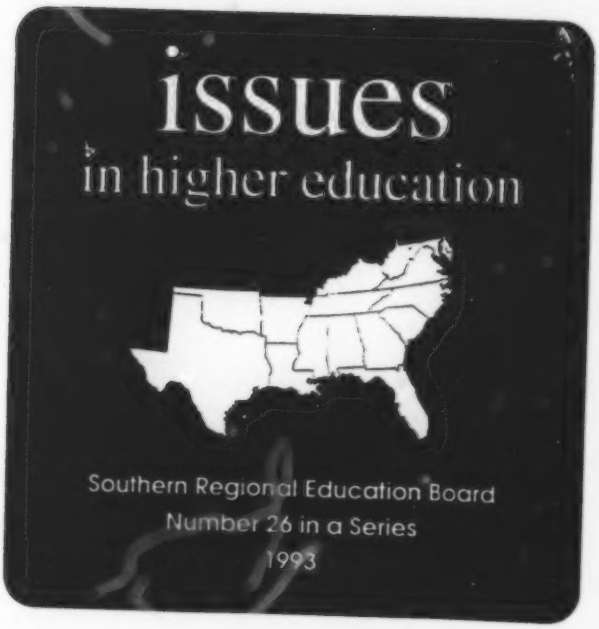

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Higher Education: Doing So Well; Feeling So Bad

Clark Kerr

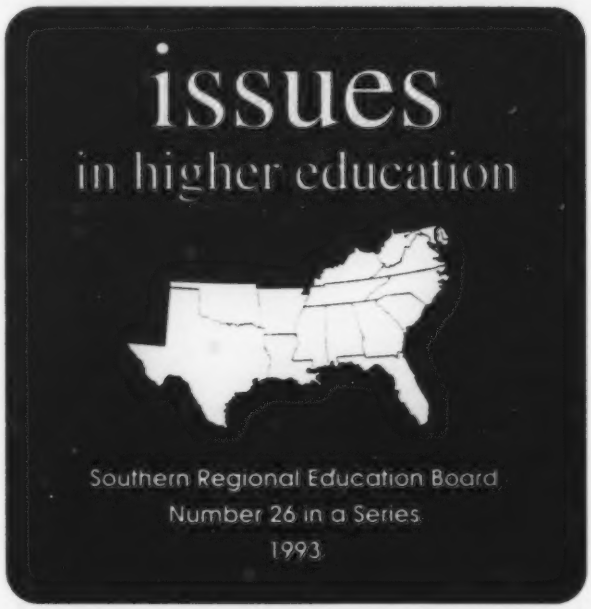
As public colleges and universities face unprecedented financial challenges, confrontation between state government and higher education leaders "can only lead to disaster," Clark Kerr told members of the Southern Regional Education Board at their June 1993 annual meeting in Boca Raton, Florida. Dr. Kerr, President Emeritus of the University of California and a consultant with the Institute of Industrial Relations at UC-Berkeley, urged governors and legislators to give institutions the flexibility to design their own cost-cutting programs and to reward those that do a good job. And he cautioned institutional leaders "to remember that we have to earn our autonomy."

"We have to face some very hard realities," Dr. Kerr concluded. "We are fighting for the soul of our institutions of higher education."

I welcome the privilege to appear before SREB once again—the first time was in 1969 and the most recent was in 1986. I have learned a lot from these conferences, and in between I have had opportunities to participate in the Southern Governors' Conferences, the Southern Legislative Conferences, and other groups in the South. Coming from outside the South, I have had an unusual opportunity to gain an external view of what is going on in this region. I have been enormously impressed with the continuing commitment of so many Southern governors and legislative leaders to the advancement of education at all levels—and particularly the contribution of SREB. I was reminded again last night, as I read them, of the high quality of the reports which SREB's professional staff places before you.

Having seen this commitment of Southern political leadership to education, for a long time I have been convinced that education in this region was on the rise, and I have predicted that a growing number of the great universities in the United States would be here in the South. This prediction is coming true. And, when institutions are among the great research universities in the United States, they are among the great universities of the world.

In California, we have historically thought of ourselves as first in everything good and everything bad. I was doing my homework last night looking over some of the materials placed before us and then I



went to sleep. I woke up thinking I had a nightmare. The nightmare was that California education had deteriorated terribly. That at the fourth grade level, the proficiency of our students was ranked below every SREB state, except for three—one of which was the same and two of which were below us. That was a terrible nightmare. So I looked again at what I had been reading—it wasn't a nightmare; it was a reality. This is not only a commentary on some of the difficulties in California, but is also a commentary on how much you have done here in the South to move ahead.

In thinking about this meeting, I also thought back to what we used to talk about and the changes that have taken place. When I first met with the Southern Regional Education Board, we were talking about federal policies and federal money. Today we talk about state policies and state money. Back in those earlier days, we talked about having too many students; now we are talking about having too few resources. Then we were talking about how higher education could help us in the "cold war"; now we are talking about how higher education can help us win or perhaps preserve our position in the "cold peace" of economic competition.

♦ ♦ ♦

The topic that you have for this morning is a commentary on American higher education. The title I've given to my remarks is: "Higher Education—Doing So Well, Feeling So Bad."

I want to say a few words about how in all the time I have been involved in higher education as an administrator and commentator—going all the way back to being chancellor of the Berkeley campus in 1952 and chairman of the Carnegie Commission, and working on studies for the Association of Governing Boards of Universities and Colleges, and the Education Commission of the States—I have never seen a time when education was doing so well, and at the same time feeling so bad. Jack Peltason, president of the University of California, made a comment on the video* you have just seen in which he said that higher education was making more contributions than ever before, but had never been in so much peril.

I want to talk about why we are doing so well, but why we are feeling so bad, and particularly the great rising confrontation that I see over resources—over getting resources for higher education and the more effective utilization of resources by higher education.

I would like to give you two warnings about my remarks. I have always been a great optimist about higher education. When we faced a tidal wave of students coming in the 1960s and many people had the feeling we were going to be engulfed, I said we could handle it and we could maintain quality. We did handle the tidal wave and we came out with better quality than when we went in.

Then, at the time of the great student unrest in the Sixties, when people thought it was the end of everything they held dear, I was saying that these were revolts of significance, but they were not a major threat to American society. I wrote a piece for the *New York Times Magazine* called "The Exaggerated Generation" in which I stated that these students exaggerated their capacity to change American society—that their influence had been exaggerated by the press in morning headlines and pictures on the

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* A segment on higher education titled "Tattered Cap, Frayed Gown" from Charles Kuralt's *Sunday Morning*.

America's Future Strength

In determining America's strength for the future, say 25 years from now, how important do you feel the following factors will be—very important, somewhat important, or not very important?

	PERCENT RATING THIS AS "VERY IMPORTANT"			
	1991	1988	1984	1982
Developing the best education system in the world?	89	88	82	84
Developing the most efficient industrial production system in the world?	59	65	70	66
Building the strongest military force in the world?	41	47	45	47

— from the *Phi Delta Kappan* Gallup Poll

evening news; that what they were doing was being exaggerated by the people who feared them most and who I thought had too little confidence in the strength of the American economic and political system. And that while these revolts were significant, there was no revolution and there would be no revolution—this too would pass. That turned out to be true.

Then we feared the great demographic depression of the 1980s and early 1990s. People were predicting a 25 to 40 percent reduction in enrollments because the college-age cohort was going down by 25 percent and the monetary return resulting from a college education had gone down drastically, with large numbers of college graduates creating a great supply while demand was down. As chairman of the Carnegie Commission, and privately, I was saying: It won't be all that bad. There will be some modest impacts, but we will survive. As a matter of fact, the demographic depression never happened.

I have always been one of the great optimists and, as one of the optimists of American higher education, I have turned out to be more realistic in my projections than some of those who were more pessimistic.

Now I come here as more of a pessimist. This is a role in which I feel uncomfortable and somewhat insecure. I am predicting 20 years of difficulty for higher education. I am not a pessimist over the long run, as I will tell you later on, but I am pessimistic about the short run. That is one of my warnings. The other is related to it. Coming from California, I am perhaps more sensitive than I should be to some of the difficulties. I realize that California is a special case and that you may want to discount some of the things I say.

First, I would like to talk about how we are doing so well—doing so well compared to how higher education has done in all those years since Harvard was founded in 1636,

and particularly doing so well compared with educational systems anywhere else in the world.

We offer more access to our young people than any nation ever has—and not only more access, but also more choice. We offer a greater variety of colleges large and small, religious and non-religious, with liberal arts orientations, polytechnic orientations, etc. The choice before American young people going to college almost boggles the mind with all the various opportunities they have.

Higher Education Priorities

✔ *How important a role do you think colleges and universities play in the following areas—most important, important but not most important, or not very important?*

Most	
51%	Educating 18- to 22-year-olds to contribute to society
56%	Providing job training opportunities for adults
64%	Conducting research to solve national problems
60%	Providing continuing education for adults
60%	Helping people who otherwise could not go to college

✔ *If colleges and universities got additional money, how much do you think they should spend on the following—most of the money, some of it, or leave about the same?*

Most	
38%	Educating 18- to 22-year-olds to contribute to society
36%	Providing job training opportunities for adults
45%	Conducting research to solve national problems
33%	Providing continuing education for adults
48%	Helping people who otherwise could not go to college

✔ *If additional funding is needed to support the programs just mentioned, where should the largest share come from?*

Most	
29%	Taxes
15%	Tuition payments from individuals who attend college
48%	Donations form other individuals and corporations
3%	Other sources
5%	Don't know

— from the 1991 *Council for the Advancement and Support of Education* Gallup Poll

Going to college pays off as it never has before. Some of the materials in the polls presented to us this morning really amazed me. I was impressed by the gap between reality and perceptions of it by the public; closing that gap is one of our responsibilities. For example, Does it pay to go to college—a great deal, not very much, not at all? The public says "not very much." The fact is, it pays enormously. The average college graduate will make 50 percent more income during his or her lifetime than the graduate from high school. That is worth half a million dollars. It is about the best investment that a person can make. It pays not only in more money, but in better care of health, more participation in the cultural life of the nation, more participation in the political life of the nation and the locality, in serving in all kinds of ways. It pays off to society because the college graduate has earned the extra half million dollars by producing more. Earning more also raises the tax take of the public sectors of our society. A college education is a great success in terms of investment to individuals and to the nation.

What about student satisfaction? When I was chairman of the Carnegie Commission we made the first studies of student satisfaction. I wasn't all that much impressed with the results. We found that students who were very satisfied or highly satisfied varied by type of institution and ranged from 70 percent to 85 percent. One of the members of our Commission was Kenneth Keniston, a leading psychologist, then of Yale now of MIT, who said 85 percent is about the highest you ever get in a satisfaction rate. It really isn't 85 vs. 100 percent; 85 *is* 100. He said five percent of the people are

unhappy about everything all of the time; five percent of the people are unhappy about everything at the time you are polling them; and five percent are unhappy about that particular item at that particular moment when they might not be at some other moment. When you say that some college students in the private liberal arts colleges in the United States are 85 percent highly or very satisfied, that is 100 percent. There is no one in political life who rates 100 percent satisfaction, as most of you in this room will know. There is almost no occupation in the United States where people would be 100 percent satisfied. We are not 100 percent satisfied with our economy. Yet, here we have one segment of American society where we have a remarkable record in terms of satisfaction, and that is in our colleges and universities.

The United States, according to recent studies, turns out half of all the research and scholarship around the world—not just in quantity, but also in quality.

What about research? Although this country now has something like three or four percent of the world's population, the United States, according to recent studies, turns out half of all the research and scholarship around the world—not just in quantity, but also in quality. There have been studies on the number of times different books and articles get cited, which is an indication of quality as perceived by academic peers around the world. In terms of quality, that is, numbers of citations, the United States stands right at the top, along with Switzerland. We are the center of research for the whole world, and recognized as such.

In the gross terms of balance of payments, the United States is deficient. One of our industries that has a positive balance is higher education. Comparing the number of our students who go abroad versus those who come here, our net balance of payments per year is $5 billion to be put up against the terrible record we have in balance of payments in other areas. It can no longer be said that the United States has the best steel industry, or the best automotive industry, or necessarily the best electronic industry. It cannot be said that we have the best system of criminal justice. It cannot be said that we have the best system of health care. But, by worldwide recognition, we have by all odds the best system of higher education. I think there is only one other segment of American society which clearly could be said to be the best in the world, and that is our American military. American higher education and the American military are the two areas where the world would say we are clearly supreme.

I was amazed by the report made this morning on what the public thinks students get for the cost of a higher education. Actually, going to college is one of the best buys an American family or a young person can make. Here at Boca Raton, we pay $100 per night for a room. The cost per day at Harvard is $90—for board and room, all the cultural facilities, all the athletic facilities, all the counseling on health and academic and psychological problems, all the education in classes and seminars, and the granting of a degree which is valued around the world. At Berkeley, it is $45 for a somewhat comparable series of contributions to your life. I realize there are some subsidies in there—endowment at Harvard, taxes in

California—but there are some handicaps too. We are an industry that is closed three months of the year. If you were running this hotel on a 9-month basis, it would be hard to do so on $100 per night.

This does indicate that we must be making pretty good use of our resources if we can give all that to the Harvard student for $90 a day and for $45 a day to the Berkeley student. Beyond what we contribute to the students, research by our universities in all 50 states provides service to nearly every element of the population.

One might say with all the above on record, there ought to be bells ringing and flags flying. I hear no bells ringing; I see no flags flying. What I see, instead, is people devoted to higher education feeling as bad as they ever have. Although I am going to concentrate on feeling bad about resources, I know there are other things to feel bad about too. I would say the other great problem in higher education is adapting to the great fractionalization of the American campus along lines of gender, ethnicity, and race. I don't want to seem to indicate that this also is not a great and unresolved problem because I concentrate so much on the financial situation we face.

I said that California was a special case and let me say why it is, but also why it is not unique, why it is not all by itself. In California, we are having greater problems than the nation as a whole. We are one of the six states with the highest rate of unemployment. Our economic structure has been badly affected by the decline in military procurement. We have had twice the national proportion of military jobs in California, and as that goes down, the state goes down. We have lost our dominance in electronics. Along with Silicon Valley, go Silicon Glen in Scotland, and Silicon Plateau in Southern India, and the spread of the electronics industry everywhere in the world. Agriculture, which we once relied upon as the best and most productive in the world, is still the best and most productive, but it is now such a small proportion of our state production that it has little impact on the total picture.

California is also a special case because of our demography. In the year 2000, a little more than half of all the young people in the state will be from minority populations. Many of them have recently come across our Southern border and across the seas from Asia, and they are making great demands on public resources.

We have some problems of our own making in the California budget. With all our referenda and all our initiatives, many groups have specially protected themselves so that only 15 percent of our budget each year is controlled by the legislature and the governor. Within that 15 percent, four-year higher education is a very substantial proportion—60 percent. By protecting so much of the budget, a large portion of any deficit falls on the higher education segment, which has come to mean the four-year segment because community colleges recently received a special protection in Proposition 98. Our four-year college state-support budgets have gone down by 25 percent over three years. I know lots of SREB states have taken cuts, particularly Florida and Virginia, but they are nowhere near the level of 25 percent.

California is something of a bellwether state. Our changes come earlier and come harder, but they are not unique. All of our states are being affected by a prolonged recession. President Clinton has spoken about our moving up—and we are, but slowly. We are doing better than Europe; predictions are that the unemployment rate there is going to go from 10 to 12 percent as against our approximately 7 percent. Our employment rate is far above that of Japan; however, we

have not been as badly affected overall as the Japanese. But, here in the United States, it has been a long and hard recession.

We are facing an even more serious problem—what I call the great productivity stagnation. If there is one figure that is going to be affecting higher education in the future more than any other, it is going to be the rate of productivity increases. Historically, from the time the figures were kept (beginning around the time of the War between the States) until World War II, our productivity went up at two percent a year. That means that in the course of about 40 years you can double your standard of living. Then we had the period after World War II when we had our greatest prosperity ever and productivity increased to three percent. Three percent makes an enormous difference. At that rate we double our standard of living in less than one generation. We became used to that and we tried to hang onto it, which is one of the reasons we have been going into so much personal, corporate, and public debt. But, after this period from 1945 to about 1970 of three percent a year, we dropped to two percent, the historical rate, and that was all right. But then we dropped to one percent. At one percent it takes 75 years on a cumulative basis to double the standard of living, and some years we have been zero, which means no increase. So, we have a great productivity stagnation affecting this whole country and affecting the world. The increase in productivity per year around the world has gone down by one-half since about 1970; in the United States it has gone down by about two-thirds.

Our situation in higher education is affected also by the fact that there are more and very compelling competitors for these increasingly lesser available public funds. That means less available also for health care for the aged and for the care of children. We are trashing too many of our young people across the United States. Can we claim that higher education is more deserving than the better care of our children or the better care of people with illnesses?

As funds continue to be more scarce, higher education is a loser. In almost every state, higher education has taken a smaller and smaller percentage of state expenditures. On top of this, we face Tidal Wave Number Two. Tidal Wave Number One in the '60s and '70s tripled enrollments. This time around, the tidal wave will be as large in absolute terms as that one, but it will be much less in percentage terms because of the much larger student base. It will also be much different because Tidal Wave One occurred during the greatest period of prosperity the United States has ever seen. Today we don't have that.

If there is one figure that is going to be affecting higher education in the future more than any other, it is going to be the rate of productivity increases.

As I see it, we are, additionally, somewhat weakened internally in facing these problems of resources. We interviewed hundreds of people for a series of studies on the college presidency and on trustees for the Association of Governing Boards of Universities and Colleges . Everywhere it was quite apparent that the influence of presidents was being reduced—being reduced now at a time when the need for successful, effective presidents is about as great as it has ever

been. One interview that stayed in my mind was with a president from Oklahoma who said in terms of that particular culture, "The corrals are getting smaller and the barbed-wire is getting higher." All around the United States, we find presidents with heavier burdens being put upon them—getting the resources and spending them, while more checks and balances are creating more difficulties for them in exercising their responsibilities.

We also have, almost universally, fewer faculty members who are willing to devote real thought and time and devotion to the affairs of the institution as a whole.

We also have, almost universally, fewer faculty members who are willing to devote real thought and time and devotion to the affairs of the institution as a whole. In recent years, every place I go, I ask, "Do you have as many faculty leaders who are spending time and thought on the affairs of the total institution?" With one exception, the answers are always "No." At Berkeley it is getting harder to get people to be department chairs, to serve on committees. The most important decision we make is the appointment to tenure. We have had to cut back from five to three on these committees because we could not get more than three people to serve. So also across the nation.

Just when we need stronger presidents and more devoted faculty members to provide leadership, we are finding deterioration.

The way I see it (and I say this very sadly), the prospect of a time of troubles for higher education is about the 20 years from now until the year 2010, when Tidal Wave Two will be subsiding somewhat. We know that a Tidal Wave Two is coming—those people have been born. But, there are two uncertainties. One is: Will our economy recover from this prolonged recession and go into full prosperity again? That might happen. To most economists it seems less likely than it once did, but it could happen—that would remedy the situation enormously.

The other great unknown is what will happen to productivity. If we could only get back to an increase of two percent per year, let alone going back to three percent, we would be in pretty good shape. There are some good prospects. Although there will be no new basic discoveries in electronics, many additional applications have enormous implications, and that can raise productivity. Biotechnology is coming along; that too can raise productivity. There is a lot of research work on new materials, particularly ceramics (the supply of sand is infinite); and that can help. A lot of work is also being done on new forms of non-polluting energy—if we can control it properly—and that would have an enormous impact.

But there are some other things to consider. In our economy, productivity increases have come steadily out of industry, and industry is on its way down and now employs less than 20 percent of our labor force. In agriculture, there have been fantastic increases in productivity, but agriculture accounts for something less than three percent of our labor force. Our labor force is increasing in areas where it is hard to raise productivity—for example, education and health care and government administration. So, there are prospects that we may raise productivity rates once again to high levels, but there are some handicaps.

Having said this about the present 20 years, let me repeat: I continue to be a long-term optimist about education all around the world. Modern society needs advanced skills and new knowledge as never before. Our system of education is the great source of both. I think the long-run secular importance of education can only increase—only increase as far as human wisdom can possibly see ahead. But, I think we will have perhaps 20 difficult years confronting us.

Let me turn now to the great confrontations that I see rising over getting more resources for higher education and over using them better. In terms of getting more resources, higher education is going to be the aggressor against the governors and the legislative committees. In terms of better use of resources, the aggressors are going to be the governors and legislators against higher education. How are they going to handle it? I was surprised again by those polls on where the public thought the money might come from—taxes, tuition, and so forth. Neglected was one place money can come from. Better use of resources. I think that is our important source that we may be able to draw upon.

If I may refer to California again and its period of trouble, how are we going to handle these confrontations over resources? A few weeks ago, I was asked to appear before the Assembly Committee on Higher Education in Sacramento. The committee had before it a bill in which had been collected all the grievances that could be found about higher education and the spending of money. The bill supposedly was having its last hearing, but someone prevailed upon the committee to take one more look at what they were about to do. Some of it was pretty severe—the legislature mandating minimum teaching loads; the legislature mandating year-round operations; the legislature mandating that the lower division studies should be largely removed from the four-year institutions; the legislature mandating that the University of California be split into two tiers—one with higher salaries, one with lower salaries; and so on. That would have been the end of the constitutional autonomy we have had at the University of California. Somebody prevailed upon the committee to call in some of us who had been involved with the California Master Plan to react to this bill. We pleaded—as I am going to plead today to you governors and legislators—not to go at things in a confrontational way, developing hostile reactions by higher education. Let's try to go at things in a more cooperative way.

California's Master Plan for Higher Education is famous around the world. The California Master Plan was a process as well as a plan. At the time it was developed, we faced Tidal Wave One and the legislature was about to step in with a myriad of bills to say what should happen. The Superintendent of Public Instruction and I went before the legislature and said, "Before you put through all this legislation, give higher education a chance to say what it thinks can be done." Throughout that process we brought in the governor's office, the top legislators in finance and education, and the private institutions because they had an interest although they had never before been brought into policy for public higher education. We made the community colleges a part of higher education, rather than part of secondary education.

We involved everybody we could. We appealed to them to concentrate on what is good for the public, for the people of California, and to forget all our internecine battles and battles over turf. We got that Master Plan, which has done some very productive things for a third of a century now.

So my message is: As we face this new crisis, let's try to do so together in a cooperative way. That goes both ways. You can ask the state to be cooperative and even considerate, but then you have to ask the same thing of higher education and of our presidents—and of our faculties.

Faculties in California are much concerned—there has been a 3.5 percent cut in salaries and many other disturbing things. I was asked last winter to a two-and-a-half day conference, the first in history, of our Academic Council, which represents the faculties on all nine campuses. The Master Plan was at stake and I had been involved in its development and the promise—what I thought was a compact—with the people of the state. According to the Master Plan, every young person and his or her parents know that if they meet certain standards, there will always be a place for them in California's higher education system. Our faculty had voted that unless higher education got the money it thought it needed, we were going to start closing the doors. I felt pressed to say that, as a university, we had an obligation to do our best to accommodate the aspirations of the young people and the parents of the state, regardless of the financial situation. I had started the Academic Council when I was president to get the advice of the faculties of all nine campuses with whom I had worked very closely. When I ran into my difficulties with the new governor of California, the Council knew that and asked for permission to come before the Board of Regents to say that it had canvassed and that I had the overwhelming support of the faculty on all nine campuses in the university system. I owed a lot to that Council. But, I took to them the hard message that they had to start thinking in terms of the sacrifices they could make and ways to make better use of resources to meet the needs of the state of California. We needed to forget some of our indulgences, some of our past practices.

I am going to put before you the list I put before them and before the legislature of the things we could look at. I am convinced that under current and expected circumstances in our states and in our nation, higher education needs to be rising to the challenge of what we can do for the nation and not focusing only on what we can do to preserve our past advantages. I'll go through this list very quickly.

Under current and expected circumstances in our states and in our nation, higher education needs to be rising to the challenge of what we can do for the nation.

We need to look at teaching loads. There has been a flight from teaching; there is no question about that. It varies among segments of higher education, less in the community colleges, more in the research universities, but it is very major. We need to look at year-around utilization of facilities, which faculties don't like. We need to look at more "non-ladder" faculty; for example, we should not have to have high paid faculty teaching introductory languages and introductory mathematics. We need to look at administrative costs; they have gone up rapidly. We need to look at duplication of programs among various campuses; there is a lot of that. Each of these is a very sensitive area to faculty members.

When I was chancellor I once made a study of how many seminars and classes with three or fewer students there were on the Berkeley campus. The results were very enlightening, but I tore them up and put them in the wastebasket because we were not under great fiscal pressure then. This is such a sensitive area that, as a young chancellor, I didn't want to tackle it—nobody does. Now I think we have to tackle the question of low utilization areas, and also consider that the years to get a degree have gone from four to four-and-a-half to five. What ways will get students to make better use of their time? The senior year in high school is a "goof-off" year that helps ruin the lives of some of our young people. We could give preference to people who make good use of that year to get advanced placement in a college or university. If good use were made of that senior year in high school, we could go back to the four-year degree.

We can put forth more effort to get private resources. I know how hot an issue raising tuition is, particularly in professional schools, and I do not favor full privatization, that is, to make schools of medicine and schools of business administration fully self-supporting. But, I do favor very major tuition increases for professional schools.

The above is a partial list. Facing any faculty with a list of things they could do to make better use of resources is going to be difficult. But it is essential so that more young people can get an education, so that productivity in the United States may rise and help us maintain our competitive position. It will be more difficult in public institutions because private institutions as competitors are not under the same pressure. The tax changes of the 1980s gave a great advantage to the most wealthy elements of the American population. It has been calculated that the transfer of resources to the top one percent of the American population has amounted to $80 billion per year for 10 years now. Some of that goes as grants to the private sector, and some private institutions of higher education are doing well with their billion dollar fund-raising campaigns. Harvard, for example, does not have to talk about year-round utilization, not have to talk about duplication of programs, not have to talk about heavier teaching loads. These are very delicate issues that get to matters of judgment and of institutional autonomy—autonomy of departments, autonomy of individual faculties—and they are very hard issues to present to faculty at public universities.

We now face a big question. We do already in California and we will all over the country. How are we going to face this potential scarcity of resources and the increasing demands of Tidal Wave Two? Is it going to be a confrontational battle of governors and legislators against presidents and faculties and trustees? Or, is it going to be done in a more cooperative way? I hope, and I think that in those states where the cooperative method is chosen, higher education will come out a lot better in the long run than when there is confrontation—and so will the states.

One additional word about how serious I think this situation is. In higher education we are now in a much worse situation than in the Great Depression. There was only one year during the Great Depression when real dollars of state support per student went down; that was 1934-35. In real dollars, that has happened already in a majority of the states over the past two or three years. Then, we had only a million students in higher education; half of them were in private institutions. We now have 12 million students and 80 percent of them are in public colleges and universities. We don't have any reduction in the cost of living—it went down by 25 percent during the Great De-

pression. And, we are worse off than in the OPEC recession of the '70s. By postponing buying books, making new appointments, and taking care of grounds and buildings—all of which I think were doubtful actions—higher education could handle that recession. I think that we now have a confrontation coming over the distribution and utilization of resources that goes beyond any in our historic experience in the United States.

I am here today—in a region that has been devoted to the improvement of education including higher education—to say that, as I see it, many states are starting down the confrontation path and many universities and colleges are also starting down the confrontation path. I think that is a path of disaster. I read recently that, against the will and without consultation of their colleges or universities, 25 states were either asking for inventories of teaching loads or considering doing so, or, as in California, considering mandating a minimum teaching load. I would plead with governors and legislative leaders to try not to move to line item control in a Draconian way. Give higher education the opportunity to come up with constructive and positive answers rather than forcing defensive manifestos. Work out some system of rewards for institutions that do a good job at cutting costs and give some of the benefits back again and don't ask them to give up benefits as though they're giving them up forever.

I would plead with institutions of higher education to remember that we have to earn our autonomy. It is not something given to us by God, or by the Constitution of the United States. It is given to us by our performance. There are times of testing. We are facing one of those times right now. The test is going to be: To what extent do we concentrate on serving the welfare of the people of our state, the nation, and, through our research, the world, compared with self-preservation of all the advantages we have had over the years. Higher education in the United States has prospered because the United States has prospered and believed in what we did. We now have a testing time to show that when America is in trouble, we are going to concentrate on how we can help the nation and its people, and all those young people and all those parents to achieve their expectations, rather than concentrating on what we consider to be our own best immediate welfare.

So, I am pleading with governors and legislators to take the cooperative route, and to colleges and universities to take this cooperative route. If we do, in the year 2010, we are going to have a better nation and a better system of higher education than if we go the route of confrontation. We will have preserved this tremendous resource of our nation for all the decades and centuries that come beyond. We will not have deteriorated it by battling among ourselves over individual welfare.

I know that is a hard message. I dislike bringing it. I dislike being a pessimist. But, I think we have to face some very hard realities and that we are now fighting for the soul of our institutions of higher education. That soul involves our autonomy based upon good performance and that soul involves a dedication to being good teachers and bringing new knowledge to the world, even if it means that we must make some sacrifices.